

Schools Forum - 29 April 2025

Title:	Dedicated Schools Grant Revenue Monitoring 2024/25
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Summary To update School Forum members on the Revenue Monitoring position as at 28/02/2025 and the forecasted Outturn position.	
Recommendations:	
1	<p>To note:</p> <ul style="list-style-type: none"> (a) the Dedicated Schools Grant Revenue Budget Monitoring position; (b) the forecasted Dedicated Schools Grant Outturn position; (c) that the Dedicated Schools Grant is experiencing substantial incremental pressures that are currently impacting the High Needs Block, projecting a revised deficit of £1.525 million by the 2026-27 fiscal year relating to rising costs in alternative provision and exclusions.

1. Reasons for recommendations

- 1.1. The Dedicated Schools Grant (DSG) is a ring-fenced grant used to fund Education and enable Access to Education within Nottingham City.
- 1.2. The DSG is split into 4 key areas or Blocks. These blocks are Schools Block, Early Years Block, Central Schools Services Block and the High Needs Block.
- 1.3. Previously a significant DSG surplus had been built up over several years at Nottingham City. Recently, there has been a significant increase in costs which has caused in-year deficits to occur resulting in a need to draw previously accumulated surplus DSG Reserves. This is a centrally held Surplus Reserve and is distinct from Balances held by individual maintained schools and academies (some of which are in deficit).

2. Background

- 2.1. The 2023-24 budget had planned to increase the overall balance of DSG reserves by £2m, however, due to an overall in-year overspend no contribution was made. Due to the in-year overspend, a drawdown from reserves of £2.7m, reflecting the impact of the 2023-24 deficit, was made.

3. Other options considered in making recommendations

3.1. Early Years Budget Monitoring

The Early Years Block (EYB) has been allocated £30.855m for 2024/25, an increase of £9.269m from the 2023/24 allocation. This increase in funding represents an increase in hourly rates, as well as an increase in the funded hours available to parents. The Department for Education (DfE) compile data on the number of students attending these funded hours within the local authority. Additional funding is provided in the summer of the following year should the number of students attending settings exceed the original forecast the allocation was based on. Similarly, if less students attend settings the DfE recoup the additional funding supplied.

The terms and conditions of the funding state that a minimum of 95% of this funding must be passed through to settings, allowing for the local authority to retain 5% to be spent on central services. For 24/25, £1.025m was retained from the EYB for this purpose. Any underspend in this area is then included in the overall EYB reserves to be spent in future years. It is not envisaged that there will be any significant under or overspend in this area.

3.2. Schools Block Budget Monitoring

The schools block allocation is split into two main parts, the school's budgets and the growth fund, as reported at previous Schools Forum meetings. Schools' budgets are projected to spend to budget, which includes the previously agreed transfer from reserves of £1.562m. The growth fund is projected to have an underspend of £0.183m as not all of the projected bulge classes (contingency funding) were required. The final budget will be reported to Schools Forum once all of the schools have closed their accounts and the final reconciliation is completed.

3.3. Central Schools Services Monitoring

The Central Schools Services block allocation is projected to spend to budget in all areas. The CSSB allocation has increased since it was last reported to School's Forum, this is to reflect the increase in costs of the copyright licences from £0.264m to £0.292m. The final budget will be reported to Schools Forum once the closedown of the 2024-25 accounts has been completed.

3.4. High Needs Block Monitoring

The High Needs Block (HNB) continues to come under pressure from the following areas:

- a) continued growth in Permanently Excluded pupils that require costly Alternative Provision (AP), these pupils are being excluded at an increasingly younger age resulting in a longer timeframe being spent in AP. Due to the demand of AP places there is little choice available for placements, resulting in the use of unregistered provision, which has the added impact of driving up the costs of the available places. There is also a very low re-integration rate of permanently excluded pupils resulting in an ever increasing volume of pupils being supported in AP;
- b) a steady growth in requests for HLN funding that does not require applying for an Education, Health and Care Plan;
- c) a steady growth in Post 16 provision requests and the continuation of this provision up until the age of 25;

- d) due to a lack of Special School and Focussed Provision places within the city greater use is being made of Independent and Non-Maintained Special Schools (INMSS) incurring higher fees. The SEN Sufficiency Programme is bringing online a number of additional places from September 2025 which will mitigate future placement costs;
 - e) Appendix A includes a breakdown and commentary of HNB expenditure.
- 3.5. Finance have continued to work with the service and undertaken further reviews to determine a more accurate position of the potential impact on the reserve balances.
- 3.6. The table below shows the revised indicative position for Schools Forum as at 28 February 2025.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Opening Reserve Balance	21.744	19.028	10.128	1.603	-1.525	-6.273	-12.945
In Year Deficit	-2.716	-8.899	-8.524	-3.128	-4.748	-6.672	-7.572
Closing Reserve Balance	19.028	10.128	1.603	-1.525	-6.273	-12.945	-20.517

Substantial overspends are currently impacting the High Needs Block, projecting that all Reserves will have been consumed and an overall deficit position of £1.525 million by the 2026-27 fiscal year. The DSG is currently a ringfenced budget however there is a risk to the Council if schools cannot balance within the DSG budget allocation and if the Statutory Override is removed as expected on 31 March 2026.

- 3.7. The positive to note here is that as we have identified the direction of travel today, we are in a good position to take mitigating steps to reduce the overspends where possible.
- 3.8. The Local Authority is actively working on a High Needs Block Recovery / Transformation Plan to protect the DSG Reserves which are required for the SEN Sufficiency Programme and future projects that deliver Value for Money.
- 3.9. It should be noted that whilst we are currently heading towards an overall deficit many Local Authorities are already in a substantial deficit position as noted by the National Audit Office in their report published October 2024, 'Support for children and young people with special educational needs'.

4. **Legal colleague comments**

- 4.1. Not applicable.

5. **Other relevant comments**

- 5.1 None.

6. **Crime and Disorder Implications**

- 6.1. Not applicable.

7. **Social value considerations**

- 7.1. Not applicable.

8. Equality Impact Assessment (EIA)

8.1. An EIA is not required.

9. Data Protection Impact Assessment (DPIA)

9.1. A DPIA is not required.

10. Carbon Impact Assessment (CIA)

10.1. A CIA is not required.

11. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

11.1. None.

12. Published documents referred to in this report (any document already in the public domain)

12.1. None.

APPENDIX A

Type of Expenditure	Budget 2024/25	Forecast 2024/25	Variance	Commentary
High Level Needs Support in Mainstream Schools	£11,552,000	£12,833,352	£ 1,281,352	Growth in HLN for Statutory School Age pupils
SEN Resource Units	£ 1,059,000	£ 1,671,383	£ 612,383	Increased use of Resource Bases
Academy Special Schools Top Up	£ 3,303,477	£ 4,509,876	£ 1,206,399	Additional support being provided for more complex pupils
Rosehill Special Schools	£ 4,641,099	£ 4,883,699	£ 242,600	Additional support being provided for more complex pupils
Oakfield Special School	£ 5,863,425	£ 5,936,725	£ 73,300	Additional support being provided for more complex pupils
Special Schools Transitional Funding	£ 252,000	£ 252,000	£ -	
Special Schools Contingency	£ -	£ -	£ -	
Specials TPG & TPECG funding		£ 471,730	£ 471,730	
Cross-border top ups (net)	£ 357,000	£ 443,315	£ 86,315	
Post 16 Mainstream FE/ILP	£ 2,066,000	£ 877,193	-£ 1,188,807	Introduction of new cost centres to aid analysis
Post 16 INMSFE		£ 1,515,410	£ 1,515,410	Introduction of new cost centres to aid analysis
Post 16 Bespoke AP/SEN Packages		£ 626,468	£ 626,468	Introduction of new cost centres to aid analysis
Independent/Non Maintained Special Schools	£ 1,714,000	£ 3,801,570	£ 2,087,570	Increased use of out of city placements
High Needs settings TPG/TPECG (AP Free Schools)	£ 95,000	£ 138,276	£ 43,276	
AP free schools additional funding	£ 117,000	£ 294,028	£ 177,028	
PRU - HHE Indicative hospital funding excluding NEST	£ 2,355,000	£ 2,685,556	£ 330,556	
HHE contingency	£ 174,000	£ 174,000	£ -	
PRU - UDLC Indicative	£ 5,992,000	£12,067,817	£ 6,075,817	Increase in Permanent Exclusions with very low numbers being re-integrated
Pri Exclusions & Admissions	£ -	£ 5,937	£ 5,937	
Sec Exclusions & Admissions	£ -	£ -	£ -	
Exclusions statutory recharges	-£ 289,800	-£ 289,800	£ -	
AP Devolved Allocation net of FCR estimate	£ 3,383,000	£ 1,402,554	-£ 1,980,446	Increase in invoicing due to high level of PEx
AP Contingency	£ 629,000	£ 629,000	£ -	
New SEN Units including one-off set up	£ -	£ -	£ -	
SUB TOTAL PROVISION BUDGETS	£43,263,201	£54,930,090	£11,666,889	
Fair Access - Primary	£ 53,000	£ 20,000	-£ 33,000	Budget not applied for
Fair Access - Secondary	£ 263,000	£ 60,000	-£ 203,000	Budget not applied for
Fair access complex casework now in Ed Welfare	£ 117,000	£ 117,000	£ -	
Other AP - Teenage Parents casework now in Ed Welfare	£ 45,000	£ 45,000	£ -	
Fair Access/Inclusion staff in Access to Learning	£ 206,000	£ 200,000	-£ 6,000	
Other Inclusion staff	£ 56,500	£ 56,500	£ -	
SLT - 70% Heads of Service, 20% Director of Education	£ 155,000	£ 155,000	£ -	
NEST (See Above)	£ 416,000	£ 416,000	-£ 416,000	Included in HHELC line above
Other AP - Education cost of residential placements	£ 1,631,700	£ 1,631,700	£ -	
Other AP - Statemented boys behaviour	£ 115,500	£ 115,500	£ -	
Oakfield Outreach	£ 169,500	£ 169,500	£ -	
SEN support services - SEN team	£ 393,600	£ 374,914	-£ 18,686	Vacancies
SEN support services - SEN specialist equipment	£ 53,500	£ 50,977	-£ 2,523	
Support for Inclusion - Sensory Team	£ 731,500	£ 731,500	£ -	
Support for Inclusion - Learning Support Team	£ 432,100	£ 432,100	£ -	
Support for Inclusion - Autism Team (incl Ed Psych)	£ 593,000	£ 593,000	£ -	
Support for Inclusion - General & Overall Management	£ 109,000	£ 104,092	-£ 4,908	Vacancies
EYFSEN staffing	£ 187,000	£ 187,000	£ -	
Special Education Needs Transport	£ 1,000,000	£ 1,000,000	£ -	
Therapy costs	£ 84,000	£ 80,000	-£ 4,000	
Disability Access- managed by Oakfield	£ 200,000	£ 200,000	£ -	
IST - BST	£ 580,700	£ 553,000	-£ 27,700	Vacancies
R2i Manager (August-March) - for 2023/24 in IST figure	£ -	£ -	£ -	
Special school outreach - independent travel trainers	£ 94,500	£ 90,000	-£ 4,500	
Habilitation Officer	£ 52,500	£ 50,000	-£ 2,500	
SUB TOTAL CENTRAL HNB EXPENDITURE	£ 7,739,600	£ 7,432,783	-£ 722,817	
High Needs Block Expenditure before Recoupment	£51,002,801	£62,362,873		
Recoupment	£ 6,497,835	£ 6,497,835		
MHSTs 19 Pupils support		£ 622,663		
Transfer to Central Schools Services Block from HNB	£ 508,000	£ 508,000		
Planned HNB Expenditure	£58,008,636	£69,991,371		
Allocation	£61,091,473	£61,091,473		
Surplus/ (Deficit)	£ 3,082,837	-£ 8,899,898		
Estimated Reserve Balances as at 31/3/25		£10,128,372		